

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7260

BILL NUMBER: HB 2113

DATE PREPARED: Jan 10, 2000

BILL AMENDED:

SUBJECT: Pornographic Internet Materials in Libraries.

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FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill requires libraries to adopt and enforce an Internet online policy that restricts access by minors to Internet or online sites that contain obscene material. The bill provides that for a Class 1 library that does not adopt and enforce the Internet policy, the last preceding annual appropriation made for the public library is renewed for the ensuing year and the last preceding annual tax levy is continued. The bill also provides that for a Class 2 library that does not adopt and enforce the Internet policy: (1) the last preceding annual budget for the public library is renewed for the ensuing year; and (2) the amount of property taxes paid to the library may not be increased until the library adopts and enforces a policy. The bill provides that an Internet policy must be adopted before a library board may collect property taxes for a Capital Projects Fund.

Effective Date: July 1, 2001.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: This bill could increase the costs to libraries that choose to restrict minors' access to online sites containing obscene material. These costs could include the purchase of filtering software or the redesign of computer stations. According to a 1999 survey, approximately 30% of the public libraries in Indiana currently have some type of filter on Internet access.

An informal survey of prices charged for software and services designed to restrict minors' access to obscene sites revealed a wide range of costs. The costs varied based on the type of service used and the number of computers involved.

For smaller libraries that have relatively few computers, filtering software could be licensed on individual

workstations. One company licenses individual workstations \$3 per month with a \$1,200 set-up fee. Other companies provide filtering services for a one-time fee ranging from \$10 to \$60 per workstation, with upgrades available.

A larger library may choose a filtering service that works from their network's server. Software for a server-based program may cost between \$750 for 10 "filtered" terminals (with incrementally increases depending on the number of terminals) to \$5,000 for a self-contained server system.

These costs could be higher depending on the number of computers filtered and the type of service used.

Explanation of Local Revenues: Libraries are in compliance with the bill's requirements would not be impacted. Libraries that are not in compliance, however, would effectively have the funds they receive from property taxes capped at the preceding year's level. On average, property tax revenue accounted for approximately 59% of each library's operating revenue in CY 1999.

The bill would also require a library to adopt and enforce an online policy before a library board may collect property taxes for a capital projects fund.

There are 239 public libraries in the state.

State Agencies Affected:

Local Agencies Affected: Public Libraries.

Information Sources: Faye Terry, Indiana State Library-Library Development Office, 232-1938; Indiana State Library, *1999 Public Library Report Supplement*.